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Today

The merger pace in the Midwest slowed in the first quarter as only 19 bank combinations were recorded. But the average size of banking acquisitions in the region has grown. —— 2

Government and banking officials are working to discourage a trend they call "free riding," in which banks refuse to participate in new Third World lending agreements while they benefit from such accords by collecting the interest payments from previous LDC loans. —— 2

Chase Manhattan is preparing a master agreement to reduce the heavy paper flow believed to be slowing the secondary market for lesser-developed-country debt. —— 2

Empire of America lost nearly $20 million in the second quarter after tripling its loan-loss provision. The nation's 13th largest thrift, based in Buffalo, said it will sell one branch and consolidate 13 into other offices. — 3

Credit Agricole, the French cooperative banking group, plans to increase its outstanding commercial paper in the United States from $1 billion to $3 billion. —— 11

General Electric Capital Corp. said it has launched a program to originate consumer loans — on items such as pleasure boats and recreational vehicles — for banks and thrifts, which will have the option of servicing the credits. —— 12

Executive Changes —— 12
In the News —— 3

COMMENT

Updating a resume can help a jobhunter identify new goals or directions and speed his return to a payroll, writes consultant Georgia Hickey. 4

TECHNOLOGY

American Savings Bank has installed an advanced branch automation system from Unisys Corp. in its telephone service area. If the system works well — and thrift officials are already raving about it — then American Savings will likely expand the Unisys contract to include its 35 offices in the New York area. —— 6

Inference Corp. soon will introduce an IBM version of its software used to write expert systems, the programs that perform tasks that need expert judgment. The product line, called ART-IM, clearly was written with banks and other financial institutions in mind. —— 6

IBM upgraded its 3090 computers, its most powerful series, announcing 10 models based on the new Enterprise Systems Architecture/370. — 9

Worth Repeating

We are in a big, black, bottomless pit that is getting bigger every day.

Herbert M. Sandler, chairman of World Savings and Loan Association, Oakland, Calif., who estimates the FSLIC may be short as much as $80 billion to handle troubled thrifts. [Page 1]

FROM THE REGIONS:
NEW ENGLAND

Building Boom Fuels Stock S&L Growth

By MICHAEL WEINSTEIN
New England Bureau

BOSTON — Loan growth at New England's newly converted thrift institutions has exploded in the past year and a half, spurred on in some cases by big increases in construction lending.

Rapid loan growth often raises red flags for analysts. They worry that overly fast growth may outpace a bank's ability to keep proper tabs on its loans, resulting in bad loans.

But thrifts that converted to stock form in the past year or two have been under pressure to leverage their newly acquired capital. And the New England economy has been strong, so loan portfolios have ballooned.

Parts of New England have been through a building boom. So a few thrifts have plunged into construction lending, which is riskier than traditional home mortgage lending.

Construction loans have already gotten two thrifts into trouble. But in general, asset quality at New England thrifts has remained good, especially compared with the problems at southwestern thrifts.

Also, capital ratios at New England thrifts remain way above average.

Loans at the nation's thrifts grew by about 10% during 1987 and have been expanding at an annual rate of 3% or 4% so far this year, estimated Joe Ziomek. He is managing director at MCS Associates, a thrift consulting firm in Newport Beach, Calif.

In New England, loan portfolios at thrifts that converted in 1986 have generally swelled by at least 30% since the end of that year. In some cases, loan growth has been substantially higher.

Analysts said the riskiness of such fast growth depends on a variety of factors, such as the strength of the local economy, where the loans are made, and the quality of lending officers.

"If somebody's growing 20% or 30%

From the Regions: Page 14 ➡

Proxmire to Congress: Act Now on Thrift Woes

By ROBERT M. GARSSON
Washington Bureau

WASHINGTON — Senate Banking Committee Chairman William Proxmire said Tuesday he hopes to prod Congress into enacting legislation this year to restrict deposit growth of insolvent thrifts and limit the use of exotic powers that some states have authorized for savings and loans.

After another round of hearings on the condition of the Federal Savings and Loan Insurance Corp., Mr. Proxmire warned angrily that Congress should not wait until next year to take some action to shore up the insolvent thrift-industry fund.

The Democratic senator from Wisconsin stopped short of calling for a taxpayer bailout of the insurance fund, as several witnesses before his committee urged on Tuesday. But he said Congress should act on more limited measures before its scheduled adjournment in October.

While acknowledging that time has almost run out in the 100th Congress, Mr. Proxmire said that the committee staff has begun drafting legislation and that he is hopeful the panel can agree on a package.

A resolution already introduced by Mr. Proxmire would not have the force of law. But it would put Congress on record as opposing deposit growth of insolvent thrifts and would urge the Federal Home Loan Bank Board to take steps to implement the resolution.

Sen. Jake Garn, R-Utah, endorsed the idea of limiting the ability of states to authorize broad powers for federally insured institutions even though, he said, it would violate states' rights — a principle he usually defends.

"Federal deregulation has not been a problem," said Mr. Garn, who sponsored legislation in 1982 that expanded thrift powers. "What California and Texas and some of the other states have done is a problem."

Several staff members said they believe it is possible Mr. Proxmire can move legislation this year. Limiting deposit growth of insolvent institutions may prove easier than re-

Proxmire: Page 14 ➡

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Take Stock of Accomplishments While Polishing Your Resume

By GEORGIA HICKEY

Third of Four Articles

DRAFT a resume but do not mail it. A resume should be both a process and the end result of that process; it is probably the least understood and most often mishandled step in any job search.

Ideally, I believe people should go through the resume process annually, or at least biannually. It should be the personal knowledge, career assessment, and planning equivalent of your financial net-worth statement.

It has been many years since most people facing a job search have taken an inventory of their marketable skills or a long, hard look at their balance sheet of accomplishments. For this reason, preparing a resume will be an exhausting project requiring extensive research and many rewrites.

The process will uncover many misplaced and forgotten details of past successes, mistakes and milestones. It should help to clarify strengths and weaknesses, areas of competence and preference.

It can provide insights that may lead to new goals or directions. As an adjunct, dates and facts will be filed and cross-indexed in the memory, providing more ready responses to the questions that will be posed in later interviews.

An individual who does a thorough and careful job of assembling data for a resume is astonished to find how much has been accomplished. It is a confidence builder, a positive reinforcement of your professional knowledge and value, and can be of great comfort when your self-esteem is flagging.

Unfortunately, many job seekers miss these benefits because they relinquish the responsibility. They give the project only minimal time, thought, and research before turning it over to a resume service or their assigned outplacement agency. The result is usually a slick, sometimes glitzy, and always typeset production that can be spotted a mile away as a mass-marketing tool.

Ms. Hickey, a certified personnel consultant, is managing principal of the Quest Group, financial management search consultants based in Hartford, Conn.

Seek Advice from Those Who Know

Avoid how-to guides written by college professors, advertising, or marketing people. Most have never hired anyone, nor have they read resumes for a living.

The best resume guides are written by executive recruiters or, as a second choice, corporate employment managers. Volumes and volumes are available with sample formats and suggested writing techniques, and you should read several before you form any hard-and-fast opinions about what is best for your own application. In the end, you will probably combine the advice of several. As an executive recruiter, I have formed my own opinions about resumes:

• Prepare for the Individual Recipient. Resumes sent anywhere except a contingency placement agency should be individually and specifically prepared for the recipient. They should be typed by a letter-quality printer on quality stationery with a straightforward, commonly used business typeface.

Fancy fonts, colored paper, gimmicks, or elaborate presentation folders red flag your resume as one coming off the assembly line. People receiving it suspect they may be one of hundreds on your purchased mailing list, and they will treat it accordingly.

• Omit an Objective Statement. If you are too specific, you risk excluding yourself from attractive positions that may not fit your stated objectives. If you are too general, it is a meaningless waste of a paragraph. If you've had a long, varied, or particularly successful career, you may substitute a summary instead — but it should be concise and compelling.

• Emphasize Work History. Education should not precede your work experience or become the focal point of your resume, no matter how reverently your alma mater may be regarded. Your Ivy League MBA should not look like the pinnacle of your career.

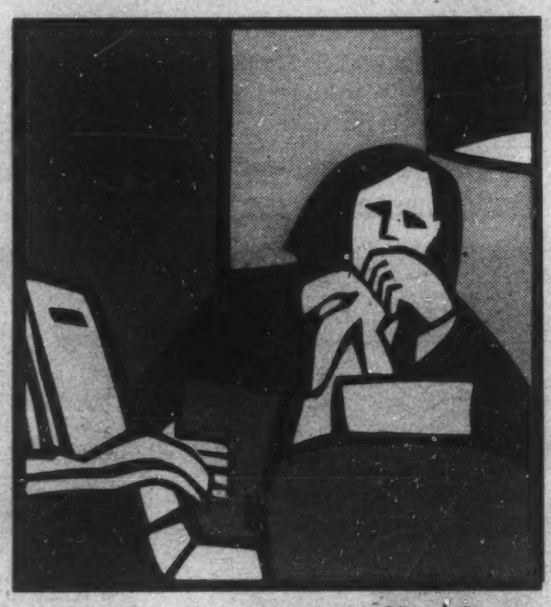
College Isn't Forever

If you're a midlevel or senior officer, the time for promising potential has passed. Now prospective employers will want to know what you've done lately. Even in the East, the traditional bastion of educational prejudice, demonstrated ability, bottom-line contributions, and hard-core accomplishments will make them want to talk with you more often than where you went to school. This is good news for the many top performers from lesser-known schools.

• Resumes should not be mass mailed. Resumes should be held in reserve and sent in response to a request for more information, or as precursor to an interview. A resume should be used once the door has been opened. It should be carefully drafted, carefully crafted, individually typed (or word processed), and directed.

• I'm from the Joe Friday school of resumes: "Just the facts, ma'am." Avoid glowing generalities, canned banalities, photos, third-party testimonials and contrivances.

Delete every trite adjective; give me the facts and let me decide just how "unique" or "exceptional" you are.



Nancy Doniger

Don't tell me the entire story of your life (save some mystery for the interview!), but give me enough to make a decision in your favor. I don't like one-page resumes and, as a rule, I won't read anything longer than two.

• Quantify. Three important guidelines to remember when writing, rewriting, and re-rewriting a resume: quantify, quantify, quantify. Don't say you had responsibility for a loan portfolio. Tell me how big it was, what percentage was self-developed, the customer mix, how many new customers you added or relationships you expanded, what your lending authority was, how many officers you supervised or trained, and whether they contributed anything measurable.

You may wish to seek qualified, professional advice about the format of your resume, or to help you proofread and polish your phrasing. But never turn over the research and writing to someone else. If you do, you will lose the value of the self-knowledge and awareness gained during the drafting process, and you will risk looking (on paper) like everyone else.

• Expand Your Database. If you're like most people, you have concentrated so much on the pressing problems and projects of your job and former employer that you're out of touch with what everyone else is doing.

Make Publications Work for You

While being well-informed is always important, it is now vital for you to set aside time each day to read publications that tell you about trends, pending mergers and acquisitions, new technology, vendors, or other information relevant to your search. If you read both the *American Banker* and *The Wall Street Journal*, you will have access to volumes of valuable data.

A note of caution: Avoid using large blocks of your prime time to read. Those who fall into this trap often justify time spent as necessary for information gathering, but it is really an avoidance tactic for the contact work they find fearful or distasteful.

As you become better informed, you will begin to identify new and often broader prospects for employment or self-employment. Perhaps there is a bank with a progressive approach to retail banking that particularly interests you, or a consulting firm that specializes in sophisticated software development.

You may discover a vendor involved in marketing or developing a product where your background and skills could be particularly useful. Where is the growth going to be in the next 5 to 10 years, and how can you be a part of it?

All of this information should be factored into your decisions about your job search. Your new knowledge will allow you to target more effectively where and for whom you want to work, and how best to approach them. Being well-informed will also make you more interesting and knowledgeable in an interview.

• Target Your Market. There are many ways to target a market. For some, it will be by geographical selection (all of Connecticut or New England). Others will use a specialty (all commercial banks; all mortgage banking entities). Some use size (only thrifts of $2 billion and over).

Of course, most criteria are blended and overlapping. The point is, you must think about who will find your talents and abilities an asset, and where or how you want to use the productive years ahead.

Research Will Improve Your Odds

Do not panic and try to blanket the entire marketplace. On the other hand, do not constrict your search so tightly that you give yourself little chance of success. The rate of response is typically very low, but you can improve your odds by identifying and targeting your market; the key is research.

Make your first-round selections based on your reading, or use geography, a specialty, or a combination. Then use every tool available to do some research on your target banks or companies — their recent history, financials, market share, and organizational structure.

Get well acquainted with your library's business section. Use Polk's "Bank Directory," Standard & Poor's "Register of Corporations, Directors and Executives," and the many other directories available to you.

You will discover there is even a published guide to research that will help you plan a search for information and tell you where to look. Electronic data bases can provide vast reservoirs of up-to-the-minute information, but the cost mounts quickly. If you use them at all, try to confine their use to preinterview research.

After you have made your first-round selections and done your research (some of your selections may change after you've researched them), draft a succinct letter telling the company or bank why you are interested in working for them. Include a brief summary of your most important accomplishments, or better yet, the your skills or talents that may directly fit their needs.

Your finished product must be tightly constructed. It should be one page or, at most, a page and a half. It must be obvious to the person on the receiving end that your correspondence is more than a form letter or a preprinted resume, so it should contain enough individualization to show you've done your homework.

If your letter is both well-planned and well-presented, it will set you apart. It will demonstrate initiative and a genuine interest in the bank or company, often an irresistible combination.

The key ingredient is the person you address. You must be certain your letter reaches the person who is most like-

Take Stock: Page 15 B→

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Chase Preparing Master Agreement

Continued from Page 2

its busiest days ever. The day's run-up in volume was primarily due to major trading desks attempting to profit on the unusually wide spread between prices of Brazilian and Mexican debt. As a result, agents were buying and selling heavily for their own accounts rather than for clients.

"I don't think agents could handle a whole week of that kind of volume," said Peter Geraghty, head of capital markets at Nederlandsche Middenstandsbank NV. "We've already seen the system get creaky in times of high volume." Likening the problem to the early days of the interest rate and currency swap markets, Mr. Geraghty said "we're hoping for standardized documentation" to help reduce the paperwork that must be repeated for each transaction.

Not all market participants believe the paperwork is overwhelming. "I'm not really sure why a standardized document is needed," said Kenneth Hoffman, a trader on the loan transactions desk at Shearson Lehman Hutton Inc. "Once I do a deal with someone, I have a standard agreement with them — in a sense the market has created its own standardized documenation." He said he believed standardization would help only with first-time business contacts.

But according to Chase's Ms. Galbraith, much of the red tape has resulted from the fact that "everyone is using their own [different] boilerplate." She added that, with a master document, only pricing and terms specific to the latest deal would have to be recorded on paper. ■

Bank Call Notice

Charter number 13295
National Bank Region Number 2
REPORT OF CONDITION

STERLING NATIONAL BANK
& TRUST COMPANY OF NEW YORK

in the State of New York, at the close of business on June 30, 1988, published in response to call made by Comptroller of the Currency, under title 12, United States Code, Section 161.

ASSETS	Dollar Amounts in Thousands
Cash and balances due from depository institutions	
Noninterest-bearing balances and currency and coin	$ 20,875
Interest-bearing balances	5,932
Securities	720,961
Loans and lease financing receivables:	
Loans, net of unearned income $333,040	
LESS: Allowance for loan losses 4,970	
Loans, net of unearned income, allowance, and reserve	328,070
Premises and fixed assets (including capitalized leases)	2,751
Other real estate owned	153
Customers' liability to this bank on acceptances outstanding	456
Other assets	16,214
TOTAL ASSETS	$1,095,412
LIABILITIES	
Deposits:	
In domestic offices	$386,013
Noninterest-bearing $126,829	
Interest-bearing 259,184	
In foreign offices, Edge and Agreements subsidiaries	
Interest-bearing	5,932
Federal funds purchased and securities sold under agreements to repurchase in domestic offices of the bank and its Edge and Agreement subsidiaries	607,031
Demand notes issued to the U.S.Treasury	7,636
Banks liability on acceptances executed and outstanding	456
Other liabilities	12,949
TOTAL LIABILITIES	$1,020,017
EQUITY CAPITAL	
Common stock	$ 17,926
Surplus	18,414
Undivided profits and capital reserves	39,055
TOTAL EQUITY CAPITAL	$ 75,395
TOTAL LIABILITIES AND EQUITY CAPITAL	$1,095,412

I, Joseph M. Freeman, Vice President/Finance, of the above named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

JOSEPH M. FREEMAN
July 27, 1988

We, the undersigned directors, attest to the correctness of this statement of resources and liabilities. We declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions and is true and correct.

THEODORE H. SILBERT
EZRA J. DENERSTEIN
JOHN C. MILLMAN
Directors

The Class of '86

New England thrifts with more than $500 million in assets that converted to stock form in 1986, ranked by rate of loan growth (dollar amounts in millions)

	Total Loans		Construction Loans As % of Total Loans		Nonperforming Loans As % of Total Loans*	
	6/30/88	Chg. Since 12/31/86	6/30/88	12/31/86	6/30/88	12/31/86
First Service Bank for Savings, Leominster, Mass.[1]	$635.0	102%	28.7%	13.6%	1.90%	1.00%
Heritage/NIS Bank for Savings, Northampton, Mass.[2]	1,326.2	58	1.5	2.7	0.15	0.46
NESB Corp., New London, Conn.[3]	1,110.3	57	12.3	5.7	0.74	1.03
Framingham Savings Bank, Framingham, Mass.	498.8	48	26.4	14.7	1.18	0.19
Somerset Savings Bank Somerville, Mass.	492.0	45	12.3	17.0	1.80	0.74
Norwich Savings Society, Norwich, Conn.	542.2	44	5.3	3.7	0.77	1.40
Peoples Heritage Bank, Portland, Maine	1,423.6	44	11.4	7.8	0.79	0.84
Excel Bancorp, Quincy, Mass.	423.3	42	27.3	15.0	1.03	0.21
First American Bank, Boston	654.3	39	26.4	14.7	4.81	0.50
BankWorcester Corp., Worcester, Mass.	870.4	37	2.4	3.0	0.41	0.72
First Constitution Financial Corp., New Haven, Conn.[4]	1,610.9	33	9.5	4.1	0.69	NA
Webster Financial Corp., Waterbury, Conn.	499.6	32	1.1	1.7	0.08	0.08
NewMil Bancorp, New Milford, Conn.[5]	162.9	32	11.7	3.3	1.80	NA
Centerbank, Waterbury, Conn.	1,486.2	32	5.0	2.5	1.43	1.86
Andover Bancorp, Andover, Mass.	457.6	13	11.5	13.3	1.29	1.00

*Nonperforming loans are loans on nonaccrual and other loans at least 90 days past due.
[1]First Service Bank for Savings' total loans are as of April 30, 1988. The percent change excludes the effect of branch acquisitions in 1987. Latest construction loan and nonperforming loan ratios are as of 12/31/87.
[2]Heritage/NIS Bank for Savings' percent change in total loans excludes the effect of the Community Savings Bank acquisition in June 1988.
[3]NESB Corp.'s percent change in total loans excludes the effect of the Omnibank of Connecticut Inc. acquisition in June 1988.
[4]First Constitution Financial Corp.'s latest nonperforming loan ratio is as of March 31, 1988.
[5]NewMil Bancorp's year-ago construction loan ratio is as of June 30, 1987.

Source: Sheshunoff & Co., Austin, Tex., and thrifts

FROM THE REGIONS:

NEW ENGLAND

Building Boom Fuels Growth at Converted Thrifts

Continued from Page 1

a year and has got the same capital contribution, I'm not too concerned about it," Mr. Ziomek said. Capital ratios at New England thrifts that converted in 1986 range from 7% to 22%.

"When you see a rapid rate of growth in one component of the portfolio, that's cause for concern," cautioned Bert Ely, a consultant in Alexandria, Va. "The red lights start flashing."

The two thrifts that have run into problems with their construction loans are both in the Boston vicinity.

First Service Bank for Savings in Leominster, Mass., said significant writeoffs are expected after regulators uncovered dubious real estate development loans from around New England in the thrift's portfolio. Construction loans at the $884 million-asset thrift jumped from 14% of total loans at yearend 1986 to 29% a year later.

First Service, which earned $5.9 million in 1987, said it may write off $10 million to $15 million worth of loans, which would cause a loss for the year.

At First American Bank, Boston, troubled loans to condominium developments in metropolitan Boston have pushed the bank's nonperforming loans to almost 5% of total loans. First American's construction loan portfolio grew from 15% of total loans at yearend 1986 to 26% at June 30, 1988.

The $723 million-asset First American reported a drop in second-quarter earnings in part because of the nonperforming loans. First American, which earned $15.7 million last year, said it may have to make a loan-loss provision as high as $15 million in the third quarter, causing a loss for the quarter.

Framingham Savings Bank in Framingham, Mass., has shown a big increase in its construction loan portfolio — from 15% of total loans at yearend 1986 to 26% of total loans at the end of June.

"We do recognize that the real estate market has leveled off, as we expected," said Walter H. Braillard, senior vice president and treasurer at Framingham Savings, with about $580 million in assets.

Framingham Savings has concentrated its lending within a 30-mile to 40-mile radius of Framingham, he added.

Industry consultants said a loan portfolio is usually safer if it is focused near the lender's home turf.

Excel Bancorp, a $650 million-asset thrift based in Quincy, Mass., has boosted its construction loan portfolio from 15% of loans at yearend 1986 to 27% at the end of June.

"We stay very, very close to home," said John A. Fanciullo, executive vice president. He said most of Excel's construction lending is on the South Shore, a suburban area that extends about 40 miles southeast of Boston.

Two commercial real estate loans account for about $3 million of Excel's $4 million or so in nonperforming loans, Mr. Fanciullo said. One credit is an

From the Regions: Page 15

Proxmire to Congress: Act Now on Thrift Woes

Continued from Page 1

stricting the use of state powers, said one Republican staff aide.

"It's difficult but not impossible to do something this year," added Sen. Donald Riegle, D-Mich., a senior member of the committee.

During an unusually emotional hearing, thrift industry executives traded charges with committee members and and Treasury Department representatives over the origin and size of the financial problems confronting the FSLIC.

"We are in a big, black, bottomless pit that is getting bigger every day," said Herbert M. Sandler, chairman of World Savings and Loan Association, Oakland, Calif. Mr. Sandler estimated that the FSLIC is short as much as $80 billion of the funds it needs to handle troubled institutions. He said Congress should consider allocating up to $60 billion to the agency immediately or face needs of up to $110 billion in 1990.

Treasury Under Secretary George D. Gould said the only action Congress should take this year is to authorize a commission to study the FSLIC and make recommendations to the next President and Congress.

"Let's not build public policy on quick statements that we need $60 billion or $70 billion," he said. "We really don't know that." Mr. Gould said the Bank Board has calculated that the FSLIC will have $19 billion at its disposal over the next three years.

"They say, and I agree, that that is about as much as they can spend. They are on a path to resolving two cases a week, and that is quite a lot," he added.

Mr. Sandler and two other industry representatives told the Senate panel that much of the blame for the FSLIC's condition lies with regulators, who failed to manage problems, state legislatures that granted exotic new powers, and Congress, which deregulated deposit products without lifting ceilings on loan rates.

Mr. Garn, who was chairman of the banking committee during the years of deregulation, said those claims are outrageous. Without congressional action to deregulate interest rates at a time when money market mutual funds were draining deposits from banks and thrifts, he said, "the industry would have gone to hell in a handbasket."

Joining Mr. Sandler were Gerald M. Levy, chairman of Guaranty Savings and Loan Association, Milwaukee, and Donald B. Shackelford, chairman of State Savings Bank, Columbus, Ohio. Mr. Levy was chairman of the U.S. League of Savings Institutions when Congress was considering a rescue package for the FSLIC.

Mr. Garn and Mr. Gould both took note of the U.S. League's opposition to the $15 billion recapitalization proposed by the administration in 1986 and pursued throughout the following year.

"There is a big difference in your testimony today than when you were representing the U.S. League," Mr. Garn said to Mr. Levy, after quoting league testimony from 1986 in which the trade group argued that "media attention [to the FSLIC] was out of proportion to any realistic assessment of the problem."

"In 1986, we thought the problem was under control," Mr. Levy responded, adding that regulators had failed to detect or disclose the extent of the problems at some institutions.

"But how could we know, for example, that under the management consignment program, a thrift could be operated in Dallas with $1.2 billion in embedded losses that were never recognized." ■

Training Videos Help Staff Learn Check-Hold Law

Continued from Backpage

as a staff member, is also offering an Expedited Funds Availability Act training video. The 18-minute production focuses on the extent to which provisions of the act will affect a particular institution and its employees.

Narrated by institute chairman Joseph T. Wells and featuring Federal Reserve System official Gayle Thompson, the video comes with a recall exam and 50 handouts highlighting the program's main points. Deposit availability, endorsement standards, automated teller machine deposits, and hold notices are covered.

For those looking for an interactive computer-based training program for Reg CC, Bankers Training and Consulting Co., St. Louis, is selling the Compliance Instructor. Two hours of self-instruction, the Compliance Instructor covers the basics of check processing, details of new availability schedules, and advice on how to handle customer disclosures. The program runs on IBM personal computers and compatibles and, for larger banks, is available on mainframes.

With banks under pressure to make funds available for cashier's checks, teller's checks, and certified checks on the first business day after deposit, Rand McNally & Co., Skokie, Ill., is publishing a directory of telephone numbers that bankers can call for help in distinguishing authentic items from bogus ones.

The volume — an idea that arose from a proposal by the American Bankers Association's return-item task force — will contain telephone numbers, including direct extensions, of contacts at every domestic depository institution that issues official checks. Rand McNally plans to publish the directory in early September.

ChexSystems, a subsidiary of Deluxe Corp., St. Paul, wants to help banks protect themselves against risky customers before they open an account. More than 39,000 banks nationwide now subscribe to ChexSystems, a verification network that identifies consumers with a history of closed bank accounts due to repeated overdrafts.

When member institutions open an account for a new customer, they call ChexSystems to check the customer's bank account history. In less than a minute, ChexSystems can notify a bank if the applicant is one of 4.5 million consumers on file with a history of account closure for cause. The network will also alert the calling institution to customers who have attempted to open several accounts within a short period — a common setup for a check-kiting scheme.

According to ChexSystems, 7 out of 100 inquiries fielded by the company come up as a hit — a customer with a history on file. In urban areas, that number can reach 15 to 20 hits per 100 inquiries. ChexSystems also says that many professional con artists are aware that the network exists and will avoid institutions that display a ChexSystems sign on the new-account desk. ■

From the Regions

Continued from Page 14

$800,000 local loan that was brought current July 1, and the other is a $2.2 million loan participation in California.

Traditional residential mortgage lending has generally produced high-quality portfolios, in which nonperforming loans amount to about 0.15% to 0.20% of total loans, according to industry consultants.

But as thrifts diversify into construction and business lending, nonperforming ratios are expected to increase, observed Fred Schluter, manager at Golembe Associates Inc., Boston. ■

Regulators Stall Comerica Purchase of Texas Firm

By ERIC STARKMAN

DETROIT — Michigan's banking commissioner ruled on Friday that Comerica Inc. cannot buy Grand Bancshares Inc. of Dallas until it improves its lending practices in Detroit.

Eugene W. Kuthy said Comerica has not done an "adequate job" of serving the credit needs of Detroit residents and businesses. Mr. Kuthy ordered the Detroit-based bank company to work with community groups and city officials to develop a two-year plan to make more mortgage, consumer, and commercial loans in the city.

He said the plan must contain defined targets that meet with his agency's approval. "While Comerica recently has announced its intentions to improve its community reinvestment record, I feel it is necessary to try to ensure that these efforts produce tangible results," Mr. Kuthy said.

"It is imperative that Comerica's plans be developed with community input and that my agency and the public monitor the bank's performance. Comerica's performance will weigh heavily in my decision to approve any future interstate acquisitions by the holding company." Mr. Kuthy said he conditionally approved Comerica's application to buy Grand Bancshares because he's not convinced that a lengthy delay in the approval process is necessary to force Comerica to improve its CRA performance. But, he added, "much remains for [Comerica] to do."

Comerica spokesman Randy Boileau said the bank company plans to be "fully responsive" to the conditions outlined in Mr. Kuthy's order. He said officials at the bank met with community leaders on Friday morning and hope to have a new community reinvestment plan drawn up as soon as possible.

"We're certainly moving ahead to get this thing done," Mr. Boileau said.

The Federal Reserve also must approve Comerica's application, he said. Community organizations in Detroit and across the country applauded Mr. Kuthy's decision. Debby Goldberg, an official with the Center for Community Change, a New York-based group that provides technical assistance to community groups in low-income and minority neighborhoods nationwide, said Mr. Kuthy's decision was "a great victory."

"I wish federal regulators would take this as a good example and follow [Michigan's] lead," she said.

50,000 Applications Filed

Ms. Goldberg said there have been more than 50,000 applications filed with federal banking agencies since the Community Reinvestment Act was passed more than 10 years ago. Only eight applications, however, have been denied on CRA grounds, she said.

The reinvestment act, enacted in 1977 as part of of the Housing and Community Development Act, requires that banks be rated periodically to determine whether they are doing all they can to meet their area's credit needs. Regulators are supposed to consider a bank's CRA rating when reviewing acquisitions or expansion applications.

Mr. Kuthy held a hearing last month in Detroit to review a protest from a local community group opposed to Comerica's March application to buy Grand Bancshares for $55 million.

In May, Mr. Kuthy's agency inadvertently made public that the Federal Reserve gave Comerica received a "less than satisfactory" CRA rating late last year.

A bank's CRA rating is confidential and made available only to regulatory agencies.

In his 18-page order, Mr. Kuthy said he is not convinced that Comerica "has been fully committed to the principles of CRA." He noted that Michigan's second largest bank company already operates a loan office in the Dallas area and cited a newspaper article reporting that Comerica planned to use its Michigan deposits to fund some of its Texas bank loans.

Comerica Chairman Donald Mandich said he would do this because the bank's cost of funds in Michigan is about two-thirds less than for Texas banks. "Before a bank embarks upon a program of out-of-area lending, it should ensure that the credit needs of its local community are met," Mr. Kuthy said.

Participation 'Less Than Aggressive'

Mr. Kuthy said that the participation of Comerica's lead bank, Comerica Bank Detroit, in its home city's commercial real estate projects "appears to be less than aggressive." He said he finds it disappointing that in the 10-year period ended in 1987, Comerica could list its involvement in only five commercial real estate projects.

He noted that the involvement was limited to the issuance of standby letters of credit backing tax-exempt bond issues. Mr. Kuthy said none of the letters of credit were ever exercised.

Also on Friday, a group of Detroit community, religious, and labor leaders agreed to form a coalition to force all Detroit-area banks to improve their lending practices in the city. The group, the Ad Hoc Community Coalition for Fair Banking Practices in Detroit, was organized by the Detroit branch of the National Association for the Advancement of Colored People in response to a series of newspaper articles documenting discriminatory lending practices by area banks.

Detroit banks denied that their lending practices are discriminatory. ■

Take Stock . . .

Continued from Page 4

ly to recognize your potential value, or all your careful preparation and effort may be wasted.

The first part of this series, "Losing Your Job: How It Feels and What You Can Do About It," appeared July 15, followed July 20 by "Recovering from Job Loss? Draft Your Plan of Action." Next week, the series ends with tips to enhance your chances of getting an interview — and a job offer — by targeting the person in a bank or corporation most likely to recognize your potential.

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